Steps taken by SEBI for small investors

1077. DR. B. B. DUTTA: Will the Minister of FINANCE be pleased to state:

(a) the steps taken by SEBI to protect small investors and develop capital market; and

(to) how for these have helped in achieving these basic objectives?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) Several measures have been taken by the Securities and Exchange Board of India (SEBI) for protecting the interests of small investors and developing the capital market. These, inter-alia, relate to restructuring the Governing bodies of stock exchanges with stockbroker Directors and outsiders on a fifty-fifty basis, inspection of books and other document of various intermediaries in the stock market such as stock exchanges and stock-brokers, prescription of capital adequacy norms for stock-brokders, prescription of norms for regulation of transaction in securities between clients and stork-brokers, issue of guidelines for disclosure and investor protection for compliance by issuers of capital in the primary market, and vetting of offer documents of companies before raising of capital.

(b) The various, measures initiated by SEBI have strengthened investor protection in the securities market and contributed to enhancing investor confidence. These measures have also facilitated the further development of the capital market.

Anti-inflationary strategy by Government

1078. DR. B. B. DUTTA: Will the Minister of FINANCE be nleased to state:

(a) the reasons for the double digit inflation rate;

(b)the details of the anti-inflationary strategy adopted by Government;

(c) whether the stretegy has failed to achieve the objectives; and

(d) if so, the reasons therefore?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V-CHANDRASHEKARA MURTHY): (a) Rise in the inflation rate to over 11 per cent level is ascribed to a number of factors such as: the spill over effects of the high fiscal deficit in 1993-94 and production shortfalls in key commodities such as sugar, cotton, jute and groundnut causing short-term suply imbalances. There was also the cumulative impact of large increases in the minimum sup-port prices continuously for the past three years resulting in higher primary product prices thus generating upward pressures on prices of wage goods. Another significant factor was the high growth of monetary variables owing to strong build up of the foreign exchange reserves.

Ob) to (d) A number of steps have been taken to contain the price rise of essential commodities. The price of wheat has been stablised at last year's level through open market, sale of over 3.4 million tonnes from public stocks by FCI. Open market sale of rice from public stocks is likely to pick up after the Government reduced the open market sale price from January, 1995 Placing import o*f* sugar under OGL at zero duty and import of nearly 10 lakh tonnes by Government for public distribution system has helped in bringing down price of sugar which is now marginally lower than last year. Import of palmo1ein oil was placed on OGL in April, 1994. About 1.07 lakh tonnes of palmolein was imported at concessional dutY of 20 per cent for augmenting supplies through FDS. Recently, effective March, 1995 all major edible oils (except coconut oil) were placed on OGL at reduced duty